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UNCLAS SECTION 01 OF 02 RABAT 001690

SIPDIS

DEPT FOR NEA/MAG, NEA/PI AND INL/AAE  
DEPT ALSO FOR EB/TPP, EB/IFD AND DRL/IL  
STATE PASS USTR FOR DOUG BELL  
STATE PASS USAID FOR SARA BORODIN  
USDOC ITA/MAC/ANESA FOR DAVID ROTH  
USDOC FOR FSC/OIO AND CLDP  
USDOL FOR ILAB, NAO AND KARESH  
PARIS FOR ZEYA  
LONDON FOR GOLDRICH  
ROME FOR ROSE

E.O. 12958: N/A

TAGS: [ECON](#) [EAIR](#) [ELAB](#) [EAID](#) [EFIN](#) [EPET](#) [SENV](#) [EWWT](#) [MO](#)

SUBJECT: MOROCCO ECONOMIC HIGHLIGHTS

Ref: A) Rabat 1061; B) Rabat 1468; C) 04 Rabat 2292

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GOM Raises Fuel Prices (Again)  
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1. The Government of Morocco (GOM) raised fuel prices by five percent on August 7 in a move designed to lower the government's fuel subsidy burden. Premium grade gasoline now costs \$1.15 per liter, diesel fuel \$0.90, and industrial fuel \$0.30. The GOM said the increase - the second in just three months - was a result of the persistent upsurge of international oil prices. In May gasoline prices were raised by five percent and diesel fuel by eight percent (Ref A). Energy Minister Mohammed Boutaleb said that in spite of the recent price increases the GOM will still spend between \$550 and \$660 million on fuel subsidies this year. Morocco imported \$2.6 billion worth of oil in 2004, a \$260 million increase over 2003.

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Unemployment Holds Steady  
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2. Morocco's unemployment rate was 11.1 percent in the second quarter of 2005, unchanged from the same period one year earlier. The GOM's High Planning Commission (HCP) announced August 8 that joblessness rose from 3.1 percent to 3.7 percent in rural areas, and declined from 19.3 percent to 18.4 percent in urban centers, yielding an unchanged 11.1 percent rate nationwide. An increase of jobs in the building and construction sector of 17 percent was responsible for most of the gains in urban employment.

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Traffic Soaring on Royal Air Maroc  
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3. National air carrier Royal Air Maroc (RAM) expects a 20 percent growth in international traffic in 2005, for a total of 3.7 million passengers. RAM's low-cost affiliate Atlas Blue will fly an additional 800,000 people during the same period. The high traffic is expected to push the airline's 2005 revenue over the \$1 billion mark, an 18 percent rise over the previous year. RAM says it will add new international routes in 2006 to Munich, Beirut, Lome and Lille, and is considering additional lines to Accra and Brazzaville.

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USTDA Grant for Tangier-Med Port  
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4. The U.S. Trade and Development Agency (USTDA) signed a \$370,000 grant for the Tangier-Mediterranean Special Agency (TMSA) which will finance a study of safety and security needs at the Tangier-Med port currently under construction on Morocco's Mediterranean coast. The study will determine what equipment and training are necessary for the port to meet international port security standards and explore how to tie in the USG's Container Security Initiative (CSI) and Customs-Trade Partnership Against Terrorism (C-TPAT). The port, located 35 km east of the northern city of Tangier, will receive cargo containers transiting the Gibraltar Strait to and from Europe and other continents.

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Ambassador Visits Couscous Enterprise  
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5. Ambassador and Econoff visited Daricouspate (Dari), a family-owned Moroccan enterprise specializing in couscous and pasta production, to discuss challenges and opportunities for Small and Medium Enterprises (SMEs) in Morocco (Ref B). Dari recently launched a successful

Initial Public Offering (IPO) on the Casablanca Stock Exchange. Bankers from Finergy, the financial firm that structured Dari's IPO, were also in attendance. Finergy is a relatively new investment bank (established two years ago) that specializes in SME financing.

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Casablanca Stock Exchange's Busy Year  
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16. The transaction volume on Morocco's Casablanca stock exchange reached \$7.5 billion in the first five months of 2005, four times more than in the same period of 2004. Over 30 percent of the market's transaction volume during that time resulted from Maroc Telecom's massive stock sale in December 2004 (Ref C). The Casablanca exchange finished the first five months of the year up 3.6 percent. Best sector performers were finance companies (17.7 percent), agri-food industry (13.7 percent) and building (4.5 percent). Bad performers included mining companies (down 22 percent) and portfolio-holding companies (down 4.8 percent).

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Jellyfish Invasion Bad for Beach Goers  
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17. A swarm of jellyfish stretching from the Balearic Islands in Spain to Wadi Laou in northern Morocco is plaguing holiday makers on Morocco's Mediterranean beaches. The Pelagia Noctiluca jellyfish delivers a painful burning sting which fades after several minutes. The fear of jellyfish attacks has kept tourists off certain beaches, particularly around the town of Fnideq.